



North Carolina Department of Health and Human Services  
**Division of Budget and Analysis**  
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Michael F. Easley, Governor  
Carmen Hooker Odom, Secretary

James B. Slate, Jr., Director

January 3, 2006

**MEMORANDUM 2006-01**

TO: Division Directors  
Office Directors

FROM: Jim Slate

SUBJECT: Instructions for SFY 06-07 Expansion Budget Requests

The purpose of this memorandum is to address the expansion budget process for the upcoming legislative session. It is most important that division management and staff develop reasonable, well documented and well-justified expansion requests and work with their budget offices to put together the expansion requests. This is the information the department will be using to develop its programmatic priorities and, ultimately, requesting the Governor to support in his supplemental budget recommendations

The expansion budget process provides the opportunity for the department to obtain additional general fund appropriations to carry out mission critical operations, fund critical deficiencies and fund new programs. As divisions consider their expansion needs, they should evaluate the need for expansion funds for:

- Additional operating funds above those allowed in the continuation budget, including new or pilot programs;
- Proposals to change statutorily controlled programs by redirecting funds from one program to another;
- One time funding for major equipment and information technology purchases;
- Continued phase-in of new programs initiated in a previous fiscal; and
- Funds to replace lost federal funds.

Agencies are encouraged to submit all reasonable requests for departmental consideration. All unfunded or partially funded items included in the second year of the Governor's Summary of Recommendations for SFY 05-07 must be submitted as a part of your package, these items shall be noted as such. The final expansion request for DHHS will be determined by the Secretary in consultation with executive management team.

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As was discussed in the November Division Director's meeting B&A is altering its usual practice for the upcoming session by using an abbreviated worksheet format initially and only requiring OSBM forms (Worksheet IIs) for items included in the departments final package. The attached abbreviated worksheet is very similar in format to the reduction worksheet we have used in years past and allows for a detailed justification for your request as well as financial information in terms of requirements, receipts, and appropriations. In addition, program/service identification is being requested so that PMD information is available for review. This level of detail will allow the user of the document(s) to better understand the program/service impact of the particular request. The worksheet has been developed to allow for transferability of relevant information to the OSBM forms.

If you have questions about how to complete this document, how to prepare a sound expansion budget package, or need assistance in this process, please contact your analyst in Budget & Analysis. **Please remit electronic copies of your expansion request to your B&A analyst no later than January 31, 2006.**

Attachments

Cc: Carmen Hooker Odom  
Allyn Guffey  
Dan Stewart  
Jackie Sheppard  
Rob Lamme  
Division Budget Officers  
Analysts, Division of Budget and Analysis